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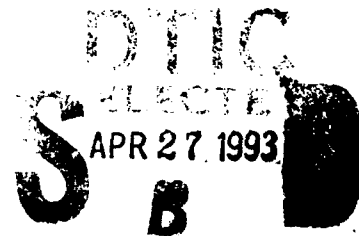
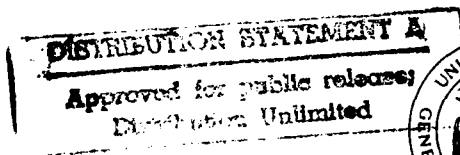


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Census Reform Needs Attention Now

Statement of
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General Government Division

Before the
Subcommittee on Census and Population
Committee on Post Office and Civil Service
House of Representatives



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CENSUS REFORM NEEDS ATTENTION NOW

SUMMARY OF STATEMENT BY
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Escalating costs and the apparently increased undercount of the 1990 census suggest that the current census methodology may have reached the limits of its effectiveness in enumerating an increasingly diverse, dynamic, and elusive population. The attention that is being placed now on planning the next census is encouraging and is in marked contrast to previous census planning efforts. GAO believes fundamental census reform is needed and that the process must be guided by three principles.

First, planning efforts must focus on evaluating opportunities for fundamental reform rather than incremental refinements. In November 1990, the Department of Commerce announced that it was establishing a task force for planning the 2000 census and census-related activities for 2000-2009. The Department's announcement recognized that an early start to 2000 planning is necessary if basic methodological changes are to be considered. GAO believes that three issues are particularly worthy of study: a streamlined questionnaire; the use of sampling; and the increased use of administrative records, such as Social Security records.

Second, planning efforts must recognize that census reform raises issues such as how to get the quality and timely data decisionmakers need, which go well beyond the purview of the Bureau of the Census and the Department. As a result, the reform effort must be open and involve a wide range of organizations and interests. The Department's planning effort for the 2000 census appropriately includes representatives from OMB, other executive agencies, state and local governments, data users, and other interested parties. In addition, GAO believes continuing congressional attention to census reform efforts is needed because of the central importance of the census to decisionmakers and our federal statistical system.

Third, the Department must be willing to invest sufficient funds early in the decade to achieve cost savings and census improvements in 2000. For example, the Bureau estimates that a streamlined questionnaire in 2000 could save about \$480 million in 1990 dollars. However, for each of the last two budgets, the Department's request for funding census reform was deemed insufficient by OMB and was doubled. Census planning officials said that if OMB had not augmented the Department's request, fiscal year 1992 testing of reform options for 2000 would have been constrained.

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Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss the status of planning for the 2000 census and our views on what must be done to achieve a successful census in 2000. I will begin by noting that the attention that is being placed now on planning the next census is encouraging and is in marked contrast to the previous approach to census planning. For example, concerted planning for the 1990 census did not begin until 1984, by which time we believe it was already too late to design, test, and implement fundamental changes in census methodology. As a result, while some notable improvements for 1990 were made, particularly in automation, the basic methodological design used in the 1990 census of mail returns with enumerator visits to nonrespondents was the same as in the 1980 census and the 1970 census before that. The use of the traditional census methodology in 1990 was due as much to default as intention.

The experiences from the 1990 census and previous censuses provide a strong case for rethinking the traditional approach. In our August 1990 testimony before the Subcommittee, we noted that the Bureau confronts a series of challenges to taking the census, including escalating costs, declining public cooperation, and increased staffing difficulties.¹ For example, measured in

¹Decennial Census: Preliminary 1990 Lessons Learned Indicate Need to Rethink Census Approach (GAO/T-GGD-90-18, Aug. 8, 1990).

constant 1980 dollars, the cost to count each housing unit was \$12.10 in 1980 and is estimated to be about \$17.00 in 1990. If the census model is not changed for the 2000 census, further cost escalation appears probable.

More recently, on the basis of the Bureau's most current independent demographic estimate of the resident population, the 1990 census appears to be the first census since the Bureau began estimating the completeness of the census count after the 1950 census to not improve on the preceding census. The Bureau estimates that the net undercount of the 1990 census was about 4.7 million persons, or 1.9 percent of the resident population. In 1980, however, the net undercount was about 2.9 million persons, or 1.3 percent of the population. Escalating costs and reduced coverage suggest that despite the improvements in automation, the traditional census methodology may have reached the limits of its effectiveness in enumerating an increasingly diverse, dynamic, and elusive population.

Today I would like to discuss the degree to which the Department's early planning efforts for the 2000 census show an appreciation for the fundamental reforms that need to be evaluated. In particular, we believe that the process to reform the census must be guided by three principles:

- Planning efforts must focus on opportunities for fundamental reform rather than incremental refinements to the traditional methodology.
- Planning efforts must recognize that census reform raises issues--such as how to get the quality and timely data decisionmakers need--which go well beyond the purview of the Bureau and the Department. As a result, the reform effort must be open and involve a wide range of organizations and interests.
- The Department must be willing to invest sufficient funds early in the decade to achieve cost savings and data collection improvements in 2000 and beyond.

My comments are based on the work we did at the Subcommittee's request to monitor the planning and execution of the 1990 census, our review of the Bureau's fiscal year 1992 budget submission and 2000 census planning efforts, and discussions with Department and Bureau officials.

PLANNING EFFORTS MUST EXPLORE FUNDAMENTAL REFORM

A thorough exploration of fundamental census reform rather than marginal improvements in the current model may be the single most important ingredient to ensuring a successful census in 2000. In

our November 1988 transition report to the Secretary of Commerce, we noted that previous census planning efforts had failed to fully explore innovative approaches to taking the census, and that weaknesses in the Bureau's planning activities were among its most serious management problems.² Fortunately, the Department's early 2000 census planning efforts show an enhanced awareness of the need for a zero-based review of census-taking procedures.

In November 1990, the Department announced that it was establishing a task force for planning the 2000 census and census-related activities for 2000-2009. The Department's announcement appropriately recognized that an early start to 2000 planning is necessary if basic methodological changes are to be considered. The announcement and the Department's fiscal year 1992 budget listed some of the central issues that need priority attention, many of which we have urged for consideration. We believe that three of these issues are particularly worthy of study: a streamlined questionnaire, the use of sampling, and the increased use of administrative records.

First, the Department plans to assess the use of a drastically simplified questionnaire. While thorough testing is needed, one indication of the potential benefits of a streamlined questionnaire is the differential mail response rates for the

²Commerce Issues (GAO/OCG-89-11TR, Nov. 1988).

1990 short form and long form. The national mail response rate for the short form was 66 percent while the rate for the long form was 60 percent. In urban areas, where the Bureau traditionally has had the most difficulty securing public cooperation, the differential is greater: The 1990 short form return rate was 61 percent, and the long form rate was 53 percent.

We consistently have suggested that a streamlined questionnaire could increase the census response rate--the central indicator of public cooperation with the census--and thereby reduce the costly and labor-intensive nature of census follow-up efforts. For 1990, the Bureau hired about 294,000 temporary employees and spent almost \$260 million for direct field follow-up costs alone. A higher mail response rate and resulting reduced follow-up work load may also contribute to improvements in census data quality by helping to reduce the amount of incomplete and inaccurate data submitted by enumerators.

The Department also plans to assess the degree to which sampling can assist in taking the census. In a number of reports and testimonies over the last decade, we have recommended that the use of such statistical techniques as sampling be considered.³

³See, for example, A \$4 Billion Census in 1990? Timely Decisions on Alternatives to 1980 Procedures Can Save Millions (GAO/GGD-82-13, Feb. 22, 1982). For our most recent discussion of sampling and the census, see Components of the 1990 Census Count (GAO/T-GGD-91-8, Feb. 21, 1991).

While legislation may be needed to sample nonresponse cases, such sampling rather than seeking to track down all nonrespondents, could enable the Bureau to make major reductions in temporary staff and thereby reduce census costs. A central issue of investigation should be the extent to which the error introduced through sampling would be offset by reduced nonsampling errors, such as those caused by the insufficient training or supervision of field staff.

One of the Bureau's primary evaluations of the 1990 census will provide information to aid in such an assessment. This and other key evaluations will need to be completed early in the decade to be useful in planning the next census. In the past, insights into possibilities for improving the census were lost because the Bureau did not fully evaluate prior census experiences.

A third basic reform that the Department plans to study to aid in taking the census is the use of administrative records, from organizations such as the Internal Revenue Service and the Social Security Administration. We noted in testimony before the Subcommittee 3 weeks ago that one of the changes the Bureau made for the 1990 census was the increased use of administrative records as part of the census enumeration for reapportionment.⁴ For 1990, administrative records were used to help enumerate

⁴Components of the 1990 Census Count, (GAO/T-GGD-91-8, Feb. 21, 1991).

military and federal employees and their dependents living overseas and to improve the census coverage of parolees and probationers.

The expanded use of administrative records may be particularly important in a future census that uses a streamlined questionnaire. The use of such records could help gather data that otherwise would have been collected on census questionnaires--for example, information on types of housing units.

Potential methodological changes will be assessed on the basis of technological feasibility, cost-effectiveness, and public acceptability, according to a senior Bureau official. For example, public acceptance and concerns about personal privacy must be carefully weighed when making decisions about the use of administrative records. Current plans call for the Bureau to begin testing aspects of a reformed census in 1992 with the intention of full-scale testing in 1995.

ESTABLISHING AN OPEN REFORM PROCESS

We testified in August that because the reexamination of the census methodology has implications for the nation's data collection strategies, input from a wide range of decisionmakers, including executive agencies, Congress, data users, and

statistical experts is needed. A thorough, systematic, and open process, involving all interested parties, is essential to building consensus on areas offering the greatest potential for census reform. Perhaps most important, an open process would set the scene for obtaining buy-in from the broad spectrum of census data users. We believe the Department's initial efforts, along with continuing congressional oversight, provide the opportunity for an open dialogue on reforming the census process.

The Department's task force for planning the 2000 census includes three committees. The Department has invited representatives from eight cabinet-level agencies and the Office of Management and Budget (OMB) to join Department and Bureau officials on a policy committee to provide direction on the nature and scope of census design changes to be tested. The technical committee is expected to include Department and Bureau officials and representatives from the Internal Revenue Service, the Bureau of Labor Statistics, and the Department's National Institute of Standards and Technology to provide direction on operational issues of a reformed census. Finally, the Department plans to establish an advisory committee to include public and private sector data users, state and local governments, and others. The advisory committee will be expected to give particular attention to issues such as the effects of proposed census reforms on small area data and the timeliness of census products.

As of yet, none of the three committees has met. According to Department and Bureau officials, letters inviting agencies to participate were sent in late February, and the Department expects to hold initial meetings shortly. However, the advisory committee is not expected to meet until late this summer.

As I noted, the Department has established the framework for providing input into census planning from a wide range of public and private interests. Given the history of census planning, congressional oversight will be essential to the success of the reform effort. Clearly, consideration of fundamental reform options inevitably will require Congress' participation in reconciling differences about the types of data that need to be gathered as part of the decennial census. Congressional attention to census reform efforts also is important because the decennial census is a cornerstone of the federal statistical system. As such, census reform should serve as a catalyst for a sharpened focus on the nation's statistical needs, including how best to get quality and timely data to support decisionmakers' needs.

INVESTING IN THE FUTURE

The Department, like other federal agencies, operates in an austere budget environment where funding priorities must compete with other pressing national needs. Nevertheless, the Department

does not appear to fully appreciate that an early investment in census planning provides an increased opportunity for potentially major cost savings in 2000. As I noted earlier, reforms that reduce the labor-intensive nature of the census could result in significant savings. For example, the Bureau has estimated that a streamlined questionnaire in 2000 could save about \$480 million in 1990 dollars through reduced follow-up and other savings.

The Department needs to complement its programmatic commitment to census reform with a commitment to ensuring that planning for the 2000 census is sufficiently funded. Unfortunately, this financial commitment has been lacking. For each of the last two budgets, OMB has had to increase the funds requested for census planning. The fiscal year 1991 budget provided about \$1.5 million for planning the 2000 census--about double what the Department had requested. OMB provided the extra funds because it believed that the Department might be underestimating the quantity of research and time needed to reform the census.

A similar scenario was repeated during the development of the fiscal year 1992 budget. The Department requested about \$5 million for 2000 census planning. OMB again doubled that amount and as a result, the President's budget requests about \$10 million for census planning.

Officials responsible for planning the 2000 census said that the amount requested in the President's budget is sufficient to fund planning activities during fiscal year 1992. However, these officials also pointed out that if OMB had not increased the Department's request, important planning activities would have been constrained. For example, the amount of data collection done in fiscal year 1992 would have been reduced. In particular, tests of the efficacy of using administrative records and a streamlined questionnaire would have been limited.

In view of the Department's fiscal year 1991 and 1992 budget requests, we are concerned that the Department does not fully recognize the work necessary to make radical changes in taking the census. Opportunities for significant savings exist, but only if the Department is willing to commit the resources early in the decade to identify and address those opportunities.

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In summary, Mr. Chairman, we believe that the Subcommittee's and the Department's early attention to the 2000 census bodes well for the possibility of a fundamentally reformed, more cost-effective, and higher-quality census in 2000. The key now is to ensure that the Department sufficiently funds planning efforts and provides for the open and rigorous exploration of the opportunities for profound change.

This concludes my prepared statement. My colleagues and I would be pleased to respond to questions.